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Chinese Communist Leaders and the Liberal Phase of Economic Discussions

Statements made by top officials in Communist China during the liberal phase of economic discussions, 1961-62, were of little help in judging leadership attitudes on economic questions at that time. As a group, Chinese leaders dislike being associated with policies of economic retreat, and they were especially taciturn on economic matters from late 1961 through the summer of 1962. The only high officials publicly active in the economic sphere then were Premier Chou En-lai and Vice Premier Po I-po. Their moderate pronouncements carried none of the liberal overtones of the economic debates that were being published in the economic journals. The controversial Ch'en Yun, the only top leader who exhibited marked liberal leanings, made a shadowy appearance that will be more fully described below.

Analysis of the role and activities of top officials in Communist China suggests that there are 15 men under Mao who are in a position to exert strong influence on economic policy:

Mao Tse-tung	Politburo member	Chairman, CCP.
Liu Shao-ch'i	Politburo member	Vice Chairman, CCP; Chairman, CPR.
Chou En-lai	Politburo member	Vice Chairman, CCP; Premier, State Council, CPR.
Ch'en Yun	Politburo member	Vice Chairman, CCP; Senior Vice Premier, State Council, CPR.
Lin Piao	Politburo member	Vice Chairman, CCP; Minister of National Defense, Marshal.
Teng Hsiao-p'ing	Politburo member	Secretary General of the Central Committee, CCP; Vice Premier, State Council.
Li Fu-ch'un	Politburo member	Vice Premier, State Council; Chairman, State Planning Commission.

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Li Hsien-nien	Politburo member	Vice Premier, State Council; Director, Finance and Trade Office, State Council; Minister of Finance.
K'o Ch'ing-shih	Politburo member	First Secretary, East China Bureau of the CC, CCP.
Li Ching-ch'uan	Politburo member	First Secretary, Southwest China Bureau of the CC, CCP.
T'an Chen-lin	Politburo member	Vice Premier, State Council; Director, Staff Office of Agriculture and Forestry, State Council.
Po I-po	Alternate Politburo member	Vice Premier, State Council; Director, Staff Office of Industry and Communications; Chairman, State Economic Commission.
Teng Tzu-hui	Central Committee	Director, Rural Work Dept of the Party; Vice Premier, State Council; Vice Chairman, State Planning Commission.
Nieh Jung-chen	Central Committee	Vice Premier, State Council; Chairman, Scientific and Technological Commission. Holds the rank of marshal and is member of the powerful Military Affairs Committee of the Central Committee.
T'ao Chu	Central Committee	First Secretary, Central-South Bureau of the CC, CCP.
Sung Jen-chiung	Central Committee	First Secretary, Northeast Bureau of the CC, CCP. Former Minister of 2nd Machine Building (atomic energy).

The men who make and influence economic policy can be grouped according to their standing in the Party, their function, and their factional alignment or leaning.

The 15 men below Mao on the above list include 10 on the current Political Bureau (Politburo), including all five active members of the Standing Committee (Chu Teh is inactive), an alternate nonvoting member (Po I-po), and four who would be good candidates for election if one were to be held now (Teng Tzu-hui, Nieh Jung-chen, T'ao Chu, and Sung Jen-chiung). The Politburo of the Central Committee of the

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Chinese Communist Party is the chief policy-making body in Communist China. Its 19 members (5 of whom are inactive) were elected in 1956 and 1958; no subsequent changes have been announced. The inner core of power lies with the Politburo's Standing Committee, composed of six men who are often referred to as "Mao's close comrades-in-arms": Liu Shao-chi, Chou En-lai, Chu Teh, Ch'en Yun, Lin Piao, and Teng Hsiao-ping.

By function, the 15 men most influential in economic policy making include three generalists: Liu Shao-chi, Chou En-lai, and Teng Hsiao-p'ing; six economic specialists: Ch'en-yun, Li Fumeh'un, Li Hsien-nien, T'an Chen-lin, Po I-po, and Teng Tzu-hui; two military/scientific persons whose views would be important in deciding military and economic priorities: Lin Piao and Nieh Jung-chen; and four regional secretaries: K'o Ch'ing-shih, Li Ching-ch'u'an, T'ao Chu, and Sung Jen-chiung. The secretaries for the Northwest and North China regions probably should be included in the list, but their identities are not known with certainty.

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Factional alignments of Chinese Communist leaders have been closely examined in [redacted] which discuss the leaders in terms of two main groups: party-machine figures, whose power is derived mainly from their key positions in the party apparatus; and administrator-economists, whose importance derives from

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their position in the government apparatus. The party-machine group has tended to dominate; its members seem to have radical, leftist views, as does Mao himself, although they are capable of recognizing when tactical retreats are necessary. The administrator-economists as a group are moderates who would probably accept Soviet standards of socialization and economic management as sufficiently suitable for China in its present stage.

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According to [redacted] analysis, seven of the men who make economic policy are in the party-machine group, which is led by Liu Shao-ch'i and Teng Hsiao-p'ing and includes the radical agricultural specialist T'an Chen-lin and the regional party secretaries. The administrator-economists, under the leadership of Chou En-lai, include Chen Yun, Li Fu-ch'un, Li Hsien-nien, Po I-po, Teng Tzu-hui, and Nieh Jung-chen. The 15th on the list, Lin Piao, is a military man who, though not easily aligned with either group, appears to lean toward the views of the party-machine group.

From late 1961 through the summer of 1962 no member of the party-machine group spoke out on economic matters. Chou En-lai, in his role of Premier, gave the "state-of-the-Republic" message at the annual NPC meeting in March-April 1962. This message included some dispirited remarks about the economy. From March to June, Chou toured the country giving unpublicized talks about economic difficulties.

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to groups of scientists and other intellectuals. 2/ Po I-po wrote two articles during the period, one on 31 December 1961 outlining in vague terms the 1962 tasks for industry, and one in the 1 July 1962 issue of Red Flag on problems in the mining industry. 3/ Chou placed major blame for difficulties on natural calamities and Soviet sanctions, but both Chou's talks and Po's articles on the mining industry also drew attention to mistakes that had been committed by the officials responsible for making sure that specific plans were realistic and coordinated. These would be fairly high-level officials. In one speech, 4/ Chou admitted that even the Central Committee, misled by exaggerated reports from below, had made poor planning decisions. Po I-po charged that poor planning had caused great waste and damage to mineral resources, a charge that would seem to implicate especially officials at the provincial and ministerial level. On 21 August 1962 an article in People's Daily 5/ discussed a theme that had been expounded in September 1956 by Chou En-lai: "Waste caused by bad planning is the greatest waste."

Although neither Chou nor Po endorsed liberal ideas, they did not preclude them. What they were chiefly interested in was to reaffirm the basic principle that in a planned economy plans had to be realistically coordinated; conversely they implied that the "leap forward", in relying heavily on uncoordinated crash programs undertaken by localities, had been wasteful. They did not touch on the question

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posed by the liberal economists of how planning was to be done, i.e., whether more use of automatic economic techniques could be employed in central planning to replace authoritarian direction.

Of the Politburo members, Ch'en Yun would appear to be most sympathetic to the liberal proposals, and it is significant that one of a number of controversial policies he had espoused in 1956 was revived on 19 July 1962, in a Ta-kung Pao article that specifically cited Ch'en Yun as the authority. 6/ This was a policy of pricing according to quality, which Ch'en had said was necessary to encourage factories to produce high quality goods. The statement implies at least a limited operation of market forces, as well as a limited use of prices to influence production. Taken together with the publication in June 1962 of a photograph of Mao, Ch'en Yun, and the other five members of the Standing Committee, this article suggested that Ch'en Yun, whose influence had been waning, certainly retained his position as one of the top seven leaders of the regime. The reason for publishing the June 1962 photograph remains unclear. It is possible that Ch'en and his liberal ideas were indeed momentarily in favor. However, the same photograph was republished in October 1962, but Ch'en Yun's name was not been noted in the mainland press in any connection since July 1962, suggesting that publication of the photograph was intended primarily as an effort to project an image of leadership unity. As it stands, Ch'en appears to be definitely inactive as an economic policy maker. His last public appearance (aside from the photographs) was at a funeral in February 1962.

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The last public statement attributed to him was an article in the 1 March 1959 Red Flag. A review of policies endorsed by Ch'en Yun suggests that a major reason he has lost favor is that he has been consistently out of step with the majority of the Politburo since 1956. When in 1956 they favored moderate policies, he voted liberal. When the majority mood turned radical in 1958-60, he recommended a return to a moderate course. Ch'en's recommendations to the 8th Party Congress in September 1956 1/ make interesting reading because of their resemblance to current Yugoslav policies. He wanted more sideline activities in collective farms returned to individual peasant operation; the establishment of limited free markets in both country and city, responsive to supply and demand forces; the breaking up of certain types of handicraft cooperatives that had proved ineffective in his view; a return to pre-1953 management methods for state-owned factories producing certain types of consumer goods, under which the factories themselves would buy raw materials and market their products; pricing according to quality to stimulate production of goods of satisfactory quality; and the use of price incentives to encourage factories to produce new varieties. Needless to say, these policies, which were partially adopted at the time, eventually proved unacceptable to the leadership.

Ch'en's last major policy pronouncement occurred in early 1959 when he wrote an article in Red Flag that was scornful of "leap forward" efforts to stimulate local enthusiasm for construction. 2/ The article, which set forth the famous "coordinated chessboard" theory, pointed out that since the start of the "leap forward",

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all levels of government from the central ministries and the provinces down to the communes were competing in an "unregulated" manner for raw materials and equipment to carry out construction projects. He maintained that national priorities must be established and followed in building key projects, and only "if" there were a surplus could it be made available to localities.

The chessboard thesis, although endorsed at the time by K'o Ch'ing-shih and Li Hsien-nien,* was short-lived. It was tacitly dropped at the 8th Party Plenum in August 1959, which criticized "rightists" conservativss and initiated renewed efforts to expand production in small-scale local industries and revive the "leap forward". During the final phase of the "leap forward", which lasted from August 1959 to mid-1960, all but Ch'en Yun climbed on the bandwagon. He is the only leader not credited by Peiping with having provided "guidance" for the "leap forward". 9/

In view of Ch'en's record, it would not be surprising if the majority of the Politburo, and especially the party-machine group, distrust him. Although he seems personnally shorn of much of the power implicit in his nominal position as 5th ranking Party member, some of his ideas may have a residual influence. For example, the "coordinated chessboard" slogan was revived after 1960 and the policy of pricing according to quality was reaffirmed, this time without attribution to Ch'en Yun, in a 15 March 1962 People's Daily editorial. 10/ Moreover, he may retain a certain amount of behind-the-scenes influence with close friends, who probably include both Premier Chou En-lai and K'o Ch'ing-shih, 1st Party Secretary of the East China Bureau, and among such leaders as Li Fu-ch'un, who worked closely with Ch'en for many years.

* But authorship was attributed to Ch'en Yun. See discussion in reference 11/.

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(tr of Chen Yun, "Some Immediate Problems Concerning Capital Construction Operations," Red Flag, no. 5, 1 Mar 59).

9.

10. Ibid., p. 9. S. (9, above).

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